

## Message Text

CONFIDENTIAL

PAGE 01 QUITO 00806 282207Z

21

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 EB-07 COME-00 TRSE-00 CIEP-01

OMB-01 CIAE-00 INR-07 NSAE-00 OPIC-03 XMB-02 /037 W  
----- 073598

R 282130Z JAN 76

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 8827

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 0806

E.O. 11652: GDS

TAGS: EFIN, EC, ENRG

SUBJECT: CEPE'S 1976 INVESTMENT PROGRAM

REF: STATE 016945, QUITO 0597, QUITO 0463

1. DESK MAY WISH TO DRAW SELECTIVELY ON FOLLOWING INFORMATION  
AND REFTELS IN CONVERSATIONS WITH QRC.

2. LOCAL BANKING SOURCES REPORT FAVORABLY ON CEPE'S  
CREDIT RATING: CEPE LOANS CARRY A GOVERNMENT GUARANTEE  
AND THEREFORE THE OVERALL CREDIT OF THE GOE MUST BE  
CONSIDERED RATHER THAN THAT OF CEPE AS AN AUTONOMOUS  
AGENCY. OF COURSE, THE CREDIT RATING FOR THIS SPECIFIC  
LOAN WOULD DEPEND ON THE PROJECTS TO BE FINANCED, TERMS,  
AND SOURCE OF REPAYMENT.

3. THE LOAN WILL ESSENTIALLY BE USED (AS TELEGRAM STATES)  
TO FINANCE AMBITIOUS CEPE PROJECTS FOR 1976. HOWEVER, DESK  
SHOULD BE AWARE THAT \$30 MILLION IS CLOSE TO AMOUNT  
NEEDED TO PURCHASE ADDITIONAL 26 PERCENT SHARE OF THE  
TEXACO-GULF-CEPE CONSORTIUM, THUS GIVING CEPE 51 PERCENT  
CONTROL OF THE CONSORTIUM, AN OFT-STATED GOAL OF NEWLY-  
APPOINTED MINISTER OF NATURAL RESOURCES RENE VARGAS.  
(EMBASSY ESTIMATES CEPE WOULD NEED \$38 MILLION TO BUY  
THE 26 PERCENT INCREMENT.)

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 QUITO 00806 282207Z

4. EVEN IF CEPE'S EXTERNAL CREDIT RATING IS FAVORABLE,

IN A TECHNICAL SENSE, CEPE'S INTERNAL FINANCIAL PERFORMANCE HAS BEEN POOR. CEPE HAS FAILED TO MEET AT LEAST PART OF ITS PAYROOL SEVERAL TIMES DURING THE PAST YEAR, AND HAS BEEN CONSISTENTLY LATE IN PAYING ITS SHARE OF OPERATING COSTS OF THE CONSORTIUM. TEXACO-GULF MAINTAINS THAT CEPE HAS CONSISTENTLY LAGGED IN ITS PAYMENT FOR PURCHASE OF ITS 25 PERCENT SHARE OF THE CONSORTIUM, AND TEXACO-GULF SAYS THAT CEPE STILL OWES \$3.3 MILLION WHICH IS NOW BEING AUDITED. CEPE HAS ALSO REFUSED TO ASSUME ITS SHARE OF VARIOUS EXTRADORDINARY EXPENSES THAT HAVE DEVOLVED UPON THE CONSORTIUM, SUCH AS EXTENSIVE DAMAGE TO OREIENTE ROADS AND BRIDGES DURING 1975 FLOODS.  
BREWSTER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, CONSORTIUMS, INVESTMENTS, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MartinML  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976QUITO00806  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760033-0918  
**From:** QUITO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760113/aaaaafx.tel  
**Line Count:** 74  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 16945, 76 QUITO 597, 76 QUITO 463  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MartinML  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 JUL 2004 by saccheem>; APPROVED <03 NOV 2004 by MartinML>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CEPE'S 1976 INVESTMENT PROGRAM  
**TAGS:** EFIN, ENRG, EC, TEXACO, GULF, CEPE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006